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GRANT TOWNSHIP CLARE COUNTY, MICHIGAN

FINANCIAL STATEMENTS MARCH 31, 2008

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Independent Auditors' Report

September 22, 2008

To the Township Board
Grant Township
Clare County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grant Township as of and for the year ended March 31, 2008, which collectively comprise the Grant Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Grant Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grant Township as of March 31, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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WEINLANDER FITZHUGH

To the Township Board
Grant Township
September 22, 2008

The management's discussion and analysis and budgetary comparison listed in the table of contents are not a required part of the basic financial statements but is supplemental information required by U.S. generally accepted accounting principles and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grant Township's basic financial statements. The individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weinlander Fitzhugh

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Our discussion and analysis of the Grant Township's (Township) financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008.

Financial Highlights

The Township's net assets increased by \$186,301 or 24%. Program revenues were \$226,662 or 36% of total revenues, and general revenues were \$401,898 or 64%.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Grant Township financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant fund – the General Fund, with all other funds presented in one column as nonmajor funds. Individual fund information for non-major funds is found in statements in a later section of this report. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee. The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

Budgetary Information for the General Fund (Required Supplemental Information)

Other Supplemental Information

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base and facility conditions in arriving at their conclusion regarding the overall health of the Township.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detail information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detail short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Fiduciary Funds

The Township is the trustee, or fiduciary, for tax collections. All of the Township's fiduciary activities are reported in the separate Statement of Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Township-wide Financial Analysis

The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net assets as of March 31, 2008 and 2007.:

Exhibit A	Governmental Activities	
	2008	2007
Assets		
Current and other assets	\$ 724,659	\$ 537,227
Capital assets - net of accumulated depreciation	304,280	313,233
Total assets	1,028,939	850,460
Liabilities		
Current liabilities	60,820	71,682
Net Assets		
Invested in capital assets	304,280	313,233
Restricted	135,929	145,702
Unrestricted	527,910	319,843
Total net assets	\$ 968,119	\$ 778,778

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

This analysis focuses on net assets. The Township's net assets were \$968,119 at March 31, 2008. Capital assets totaling \$304,280 compares the original costs, less depreciation of the Township's capital assets.

The \$527,910 in unrestricted net assets of governmental type activities represents the *accumulated* results of all past years' operations. The operating results of the General and Special Revenue Funds will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported, as summarized, in the statement of activities. Exhibit B provides a summary for 2008 and 2007 which shows the changes in net assets for the years ended March 31, 2008 and 2007.

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Exhibit B

	Governmental Activities	
	2008	2007
Revenue		
Program revenue:		
Charges for services	\$ 220,842	\$ 175,595
Grants and contributions	5,820	5,575
General revenue:		
Property taxes	167,569	73,931
State revenue sharing	210,620	175,897
Other	23,709	57,678
	<u>628,560</u>	<u>488,676</u>
Total revenue		
	<u>628,560</u>	<u>488,676</u>
Function/Program Expenses		
General government	146,576	165,503
Public safety	144,568	130,524
Public works	140,056	124,020
Highways and streets	11,059	58,765
Recreation and culture	0	3,034
	<u>442,259</u>	<u>481,846</u>
Total expenses		
	<u>442,259</u>	<u>481,846</u>
Change in Net Assets	<u>\$ 186,301</u>	<u>\$ 6,830</u>

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

As reported in the statement of activities, the cost of all of our *Governmental type* activities this year was \$442,259. Certain activities were partially funded from those who benefited from the programs or by the other Townships and organizations that subsidized certain programs with grants and contributions. We paid for the remaining "public benefit" portion of our governmental activities with \$167,569 in taxes, \$210,620 in State revenue sharing and with our other revenues, such as administration fees, interest and miscellaneous revenues.

The Township experienced a increase in net assets of \$186,301. Key reason for the change in net assets was an increase in tax revenue due to the addition of the fire millage and an increase in the rubbish removal special assessment. Net assets also increased due to a decrease in the spending on roads and road improvement and attorney fees. The Township had no expenses for library services in the year ended March 31, 2008 due to the formation of the Pere Marquette District Library. These decreases in expenses were offset by increases in fire services and rubbish removal services expenses. The change in net assets differs from the change in fund balance and a reconciliation appears in the financial statements.

The Township's Funds

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's governmental funds reported a combined fund balance of \$663,839, which is above last year's total of \$465,548. The schedule below indicates the fund balance and the total change in fund balances as of March 31, 2008 and 2007.

	<u>Fund Balance</u> <u>March 31, 2008</u>	<u>Fund Balance</u> <u>March 31, 2007</u>	<u>Change</u>
General	\$ 615,798	\$ 439,855	\$ 175,943
Special Revenue	<u>48,041</u>	<u>25,693</u>	<u>22,348</u>
Total	<u>\$ 663,839</u>	<u>\$ 465,548</u>	<u>\$ 198,291</u>

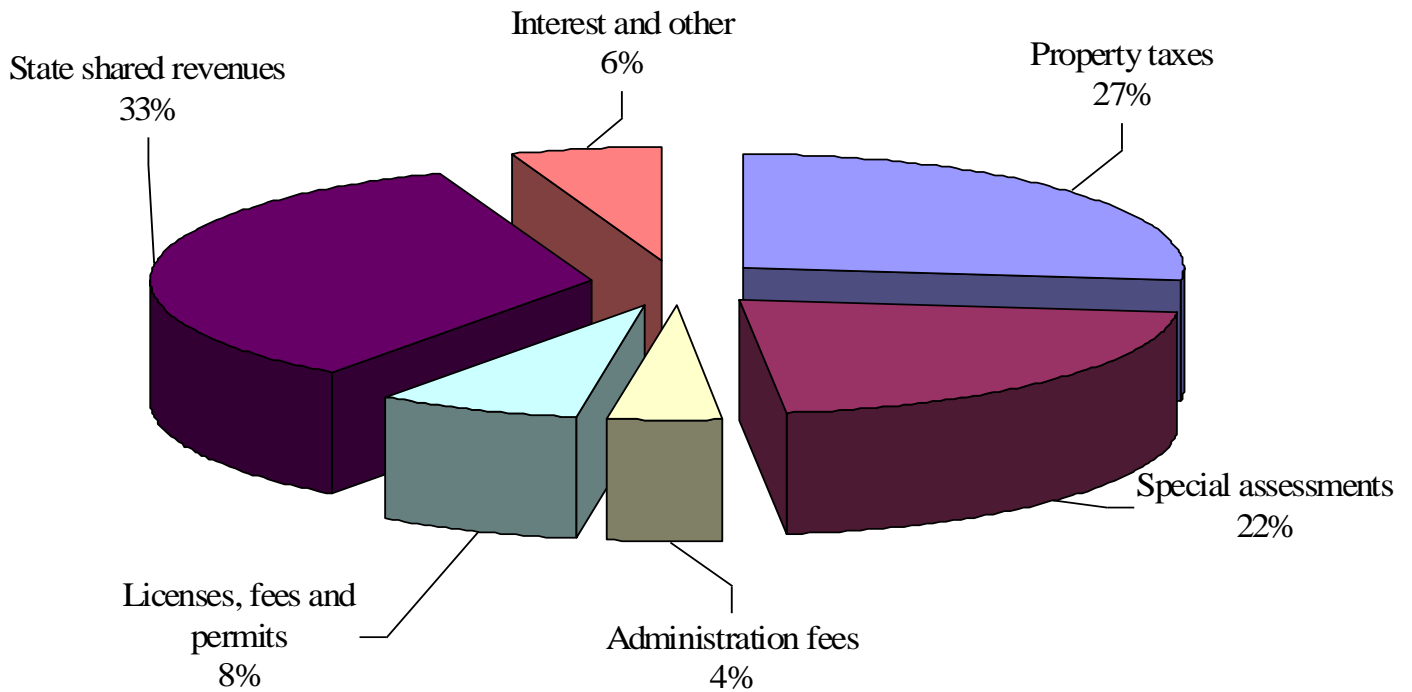
GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

- Our General Fund increased \$175,943. The change was due to an increase in tax revenue due to the addition of the fire millage and an increase in the rubbish removal special assessment. Fund balance also increased due to a decrease in the spending on roads and road improvement and attorney fees. The Township had no expenditures for library services in the year ended March 31, 2008 due to the formation of the Pere Marquette District Library. These decreases in expenditures were offset by increases in fire services and rubbish removal services expenditures.
- Our Building Fund increased \$430. The increase was due to interest income.
- Our Liquor Law Fund decreased \$277. The decrease is mainly due to increases in the wages.
- The Building Inspection Fund increased \$22,195. This increase was due to increases in licenses, fees and permit revenue.

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

As the graph below illustrates, the largest portion of the Township's revenue comes from state shared revenues.

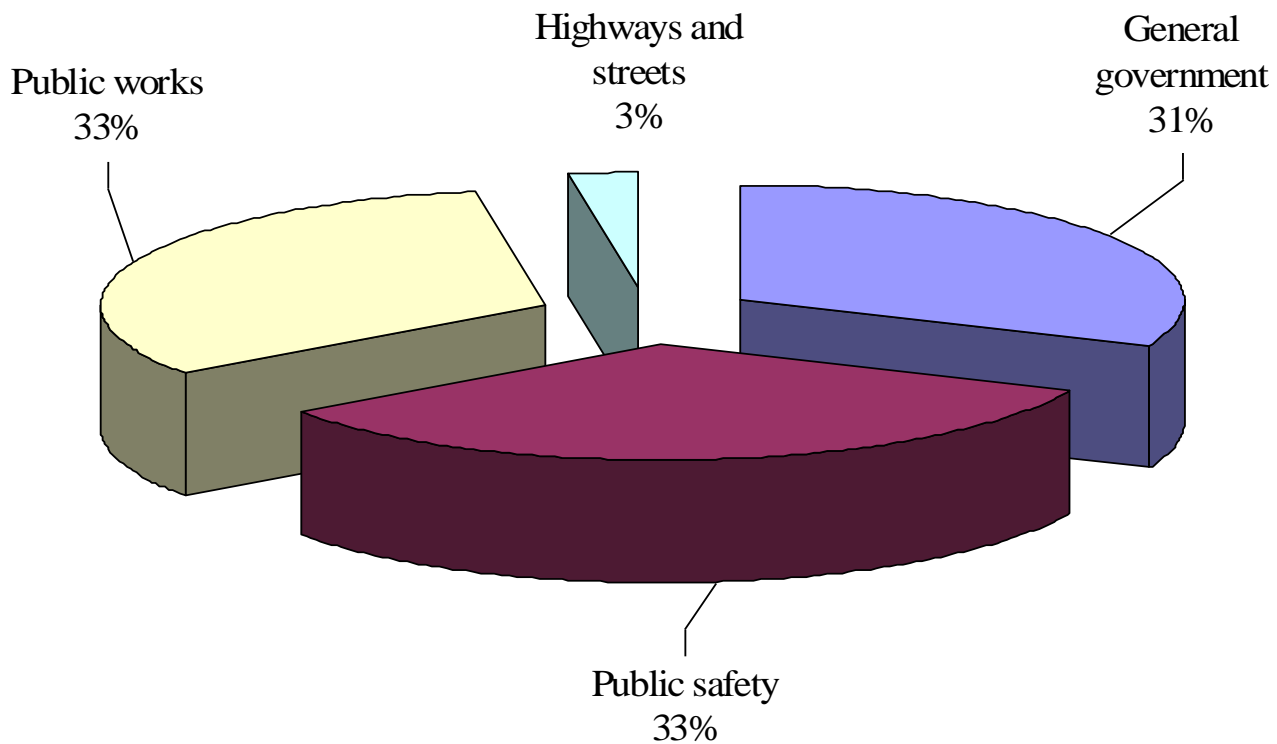
Sources of Revenues



GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

The graph below illustrates, 31% of the Townships' resources are spent on general government expenses such as administrative costs and hall and grounds, including utilities. Another 3% is spent on highways and streets, while 33% is spent on fire and police services. The remaining 33% is spent on rubbish removal services.

Expenditures



GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

The chart below compares current year expenditures with prior year.

	<u>2008</u>	<u>2007</u>
<i>Expenditures by Function</i>		
General government	\$ 134,586	\$ 153,434
Public safety	144,568	130,524
Public works	140,056	124,020
Highways and streets	11,059	58,765
Recreation and culture	0	3,034
Transfers to other funds	<u>0</u>	<u>12,500</u>
 Total	 <u><u>\$ 430,269</u></u>	 <u><u>\$ 482,277</u></u>

Expenditures are down by \$52,088 or 10% over the prior year mostly due a decrease in the spending on roads and road improvement and attorney fees. The decrease in library services is due to the formation of the Pere Marquette District Library. The Pere Marquette District Library is now collecting property taxes in exchange of charging the Township a user fee. These decreases in expenditures were offset by increases in fire services and rubbish removal services expenditures.

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budgets to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund budget were as follows:

- There were no changes to the revenue original budget.
- Budgeted expenditures increased by \$23,000 due to expected increases in fire safety cost and rubbish removal costs
- Actual revenues were over budgeted revenue by \$136,099. The difference is primarily revenue from the fire services millage not being budgeted. The Township also received more in interest and rental revenue, administration fees, state shared revenue and other than anticipated.
- Actual expenditures were under the budgeted expenditures by \$56,060. The difference is due to decreases in expenditures for all functions of the General Fund.

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Capital Assets

At March 31, 2008, the Township had \$304,280 invested in a broad range of capital assets, including land, buildings, furniture and equipment, net of accumulated depreciation. This amount represents a net decrease (including additions and disposals) of \$11,990, or 4%, from last year.

	<u>2008</u>	<u>2007</u>
Land and improvements	\$ 60,443	\$ 60,443
Buildings and improvements	296,836	296,836
Equipment	<u>25,216</u>	<u>25,216</u>
Total capital assets	382,495	382,495
Less accumulated depreciation	<u>78,215</u>	<u>66,225</u>
Net capital assets	<u><u>\$ 304,280</u></u>	<u><u>\$ 316,270</u></u>

There were no purchases of capital assets during the year.

We do not anticipate any major capital additions in the next fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

GRANT TOWNSHIP
Management's Discussion and Analysis
For the Year Ended March 31, 2008

Factors Expected to Have an Effect on Future Operations

We expect to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget. We will need to adjust Township expenditures in response to any revenue shortfall.

Requests For Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in Grant Township. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Grant Township
2847 Surrey Road
Clare, MI 48617

GRANT TOWNSHIP
Statement of Net Assets
March 31, 2008

	Governmental <u>Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 607,242
Special assessments receivable	57,307
Due from other governmental units	60,098
Internal balances	12
Capital assets - net of accumulated depreciation of \$78,215	<u>304,280</u>
Total Assets	<u>1,028,939</u>
<u>Liabilities</u>	
Accounts payable	3,513
Deferred revenue	<u>57,307</u>
Total Liabilities	<u>60,820</u>
<u>Net Assets</u>	
Invested in capital assets	304,280
Restricted for rubbish removal	135,929
Unrestricted	<u>527,910</u>
Total Net Assets	<u><u>\$ 968,119</u></u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Statement of Activities
For the Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Governmental
		Charges for	Operating	Activities
		Services	Grants and	Net (Expense)
			Contributions	Revenue and
				Change in
				Net Assets
Governmental activities:				
General government	\$ 146,576	\$ 84,076	\$ 0	\$ (62,500)
Public safety	144,568	0	0	(144,568)
Public works	140,056	127,245	0	(12,811)
Highways and streets	<u>11,059</u>	<u>9,521</u>	<u>5,820</u>	<u>4,282</u>
Total governmental activities	<u>\$ 442,259</u>	<u>\$ 220,842</u>	<u>\$ 5,820</u>	<u>(215,597)</u>
General revenues:				
Property taxes				167,569
State shared revenues				210,620
Investment earnings				15,682
Miscellaneous				<u>8,027</u>
Total general revenues				<u>401,898</u>
Change in net assets				186,301
Net assets - beginning of year				<u>781,818</u>
Net assets - end of year				<u>\$ 968,119</u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Governmental Funds
Balance Sheet
March 31, 2008

	General Fund	Other Nonmajor Governmental Funds	Total
<u>Assets</u>			
Cash and cash equivalents	\$559,201	\$ 48,041	\$ 607,242
Special assessments receivable	57,307	0	57,307
Due from other governmental units	60,098	0	60,098
Due from other funds	12	0	12
Total Assets	<u>\$676,618</u>	<u>\$ 48,041</u>	<u>\$ 724,659</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accounts payable	\$ 3,513	\$ 0	\$ 3,513
Deferred revenue	57,307	0	57,307
Total Liabilities	<u>60,820</u>	<u>0</u>	<u>60,820</u>
<u>Fund Balance</u>			
Reserved for rubbish removal	135,929	0	135,929
Unreserved	479,869	48,041	527,910
Total fund balance	<u>615,798</u>	<u>48,041</u>	<u>663,839</u>
Total Liabilities and Fund Balance	<u>\$676,618</u>	<u>\$ 48,041</u>	<u>\$ 724,659</u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
March 31, 2008

Total fund balance - governmental funds	\$ 663,839
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	
Cost of the capital assets	382,495
Accumulated depreciation	<u>(78,215)</u>
Total net assets - governmental activities	<u>\$ 968,119</u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Governmental Funds
Statement of Revenues, Expenditures and
Change in Fund Balance
For the Year Ended March 31, 2008

	General Fund	Other Nonmajor Governmental Fund	Total
<u>Revenues</u>			
Property taxes	\$ 167,569	\$ 0	\$ 167,569
Special assessments	136,766	0	136,766
Administration fees	25,309	0	25,309
Licenses, fees and permits	525	46,667	47,192
State shared revenues	214,560	1,880	216,440
Interest and rentals	26,827	430	27,257
Other revenues	8,027	0	8,027
Total revenues	<u>579,583</u>	<u>48,977</u>	<u>628,560</u>
<u>Expenditures</u>			
Current:			
General government	134,586	0	134,586
Public safety	117,939	26,629	144,568
Public works	140,056	0	140,056
Highways and streets	11,059	0	11,059
Total expenditures	<u>403,640</u>	<u>26,629</u>	<u>430,269</u>
Net change in fund balance	175,943	22,348	198,291
Fund balance - beginning of year	<u>439,855</u>	<u>25,693</u>	<u>465,548</u>
Fund balance - end of year	<u>\$ 615,798</u>	<u>\$ 48,041</u>	<u>\$ 663,839</u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures,
and Change in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

Net change in fund balance - total governmental funds	\$ 198,291
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	<u>(11,990)</u>
Change in net assets of governmental activities	<u><u>\$ 186,301</u></u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Statement of Fiduciary Net Assets
March 31, 2008

	<u>Current Tax Fund</u>
<u>Assets</u>	
Cash	<u>\$ 18,686</u>
<u>Liabilities</u>	
Due to other funds	\$ 12
Due to other governmental units	<u> 18,674</u>
Total Liabilities	<u>\$ 18,686</u>

See accompanying notes to financial statements

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Grant Township (Township) conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by Grant Township:

Reporting Entity

Grant Township is governed by an elected five member council (Board). The accompanying financial statements present the government.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental fund:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund types:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Liquor enforcement, building inspection services and Building Fund are accounted for in the Special Revenue Funds as non major governmental funds.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets – Capital assets, which include land, buildings and machinery and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Building, vehicles, and equipment are being depreciated using the straight-line method over the following useful lives:

Buildings	40 Years
Land improvements	15 to 25 Years
Office equipment	5 to 15 Years
Computer equipment	3 to 5 Years

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

Grant Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Township's supervisor submits to the Board a proposed budget prior to April 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the functional level.
4. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund is presented as Required Supplemental Information.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 2 - BUDGETS (Continued)

During the year ended March 31, 2008, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

<u>Fund/Function</u>	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund:			
Public works	\$ 138,600	\$ 140,056	\$ (1,456)
Special Revenue Funds:			
Liquor Law Fund	2,000	2,226	(226)
Building Inspection Fund	15,000	24,403	(9,403)

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 607,242	\$ 18,686	\$ 625,928

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$225,942 of the Township's bank balance of \$625,942 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration credit risk.

As of March 31, 2008, the Township had no investments.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	Balance April 1, 2007	Additions	Disposals and Adjustments	Balance March 31, 2008
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 54,037	\$ 0	\$ 0	\$ 54,037
Capital assets being depreciated:				
Buildings	296,836	0	0	296,836
Land improvements	6,406	0	0	6,406
Equipment	25,216	0	0	25,216
Subtotal	328,458	0	0	328,458
Less accumulated depreciation for:				
Buildings	51,946	7,421	0	59,367
Land improvements	2,989	427	0	3,416
Equipment	11,290	4,142	0	15,432
Subtotal	66,225	11,990	0	78,215
Net capital assets being depreciated	262,233	(11,990)	0	250,243
Governmental Activities, Total				
Capital Assets - Net of Depreciation	<u>\$ 316,270</u>	<u>\$ (11,990)</u>	<u>\$ 0</u>	<u>\$ 304,280</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities:

 General government \$ 11,990

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

A summary of inter-fund receivable and payable balances at March 31, 2008 is shown below. There were no transfers during the year.

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 12	\$ 0
Tax Fund	<u>0</u>	<u>12</u>
	<u>\$ 12</u>	<u>\$ 12</u>

The primary purpose of the receivables/payables is to reflect amounts due from the tax fund that were not distributed to the funds as of March 31, 2008.

There were no inter-fund transfers during the fiscal year.

NOTE 6 - RISK MANAGEMENT

Grant Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). Grant Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, general liability, and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with Grant Township.

GRANT TOWNSHIP
Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE 6 - RISK MANAGEMENT (CONTINUED)

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

GRANT TOWNSHIP
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended March 31, 2008

	Original Budget	Final Amended Budget	Actual
<u>Revenues</u>			
Property taxes	\$ 67,084	\$ 67,084	\$ 167,569
Special assessments	137,300	137,300	136,766
Administration fees	21,000	21,000	25,309
Licenses, fees and permits	575	575	525
State shared revenues	207,000	207,000	214,560
Interest and rentals	9,500	9,500	26,827
Other revenues	1,025	1,025	8,027
Total revenues	<u>443,484</u>	<u>443,484</u>	<u>579,583</u>
<u>Expenditures</u>			
Current:			
General government	186,600	186,600	134,586
Public safety	110,000	120,000	117,939
Public works	125,600	138,600	140,056
Highways and steets	14,500	14,500	11,059
Total expenditures	<u>436,700</u>	<u>459,700</u>	<u>403,640</u>
Excess of revenues over expenditures	6,784	(16,216)	175,943
<u>Other Financing Sources</u>			
Transfers to other governmental units	<u>24,416</u>	<u>24,416</u>	<u>0</u>
Net change in fund balance	31,200	8,200	175,943
Fund balance - beginning of year	<u>439,855</u>	<u>439,855</u>	<u>439,855</u>
Fund balance - end of year	<u><u>\$ 471,055</u></u>	<u><u>\$ 448,055</u></u>	<u><u>\$ 615,798</u></u>

GRANT TOWNSHIP
Other Supplemental Information
Combining Balance Sheet
Nonmajor Government Funds
March 31, 2008

	<u>Building Fund</u>	<u>Liquor Law Fund</u>	<u>Building Inspection Fund</u>	<u>Totals</u>
<u>Assets</u>				
Cash and cash equivalents	<u>\$ 17,577</u>	<u>\$ 1,134</u>	<u>\$ 29,330</u>	<u>\$ 48,041</u>
<u>Fund Balance</u>				
Unreserved				
Undesignated	<u>\$ 17,577</u>	<u>\$ 1,134</u>	<u>\$ 29,330</u>	<u>\$ 48,041</u>

GRANT TOWNSHIP
Other Supplemental Information
Combining Statement of Revenues, Expenditures and
Change in Fund Balance - Nonmajor Governmental Funds
For the Year Ended March 31, 2008

	Building Fund	Liquor Law Fund	Building Inspection Fund	Totals
<u>Revenues</u>				
Licenses, fees and permits	\$ 0	\$ 69	\$ 46,598	\$ 46,667
State shared revenues	0	1,880	0	1,880
Interest	430	0	0	430
Total revenues	<u>430</u>	<u>1,949</u>	<u>46,598</u>	<u>48,977</u>
<u>Expenditures</u>				
Public safety	<u>0</u>	<u>2,226</u>	<u>24,403</u>	<u>26,629</u>
Net change in fund balance	430	(277)	22,195	22,348
Fund balance - beginning of year	<u>17,147</u>	<u>1,411</u>	<u>7,135</u>	<u>25,693</u>
Fund balance - end of year	<u>\$ 17,577</u>	<u>\$ 1,134</u>	<u>\$ 29,330</u>	<u>\$ 48,041</u>



WEINLANDER FITZHUGH

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ROBERT J. DUYCK, CPA

September 22, 2008

Township Board
Grant Township
Clare County, Michigan

In planning and performing our audit of the financial statements of Grant Township (Township) as of and for the year ended March 31, 2008, in accordance with U.S. generally accepted auditing standards. We considered Grant Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

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Township Board
Grant Township
September 22, 2008
Page 2

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. We consider the following significant deficiency to be a material weakness:

Financial Reporting

As part of our consideration of the internal control over financial reporting, we as auditors are not allowed to be considered to be part of Grant Township's internal controls. In taking this required position, we must consider whether the Township has the ability, on its own, to monitor and report financial activity in accordance with our professional standards without auditor involvement.

The Township uses accounting software as a management tool to monitor the financial status of the Township, to facilitate the preparation and amendment of budgets and to compare budgeted amounts to actual results. In addition, the Township demonstrates the ability to report fund level activities, monitor fiduciary fund activities (including tax collections and disbursements) and report on certain fund level note disclosures. Due to the complexity of the required government wide financial statements and related note disclosures in accordance with GASB 34, the Township does not maintain personnel who can report in accordance with U.S. generally accepted accounting principles without auditor involvement.

This report is intended solely for the information and use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh



WEINLANDER FITZHUGH

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September 22, 2008

To the Township Board
Grant Township
Clare County, Michigan

In connection with our audit of the financial statements of Grant Township (Township) as of and for the year ended March 31, 2008, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to authorize, initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

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To the Township Board
Grant Township
September 22, 2008
Page 2

We have separately communicated, to you and the Township Board, a deficiency that we determined to be a material weakness. Certain control deficiencies that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

Segregation of Duties

This means that there are different individuals performing different duties within a specific accounting function. Having multiple individuals performing duties in the same accounting function acts as a check and balance .

As is common in many small local government units, there is often only a few people, sometimes only one person, performing the accounting and financial functions. And it is also common to have these individuals concentrate their efforts in one area.

The Township has a lack of complete separation of duties with respect to cash collections. The collection of cash, writing of receipts and depositing of collections is centralized around one individual.

The Township has implemented compensating controls for property tax revenue through the county settlement process and state revenue sharing through the Michigan Department of Treasury, the remaining revenues collected generally have insufficient checks and balances in place.

The preceding comments are not intended to reflect on the performance or capability of any employee.

This report is intended solely for the information and use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh



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September 22, 2008

To the Township Board
Grant Township
Clare County, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Grant Township for the year ended March 31, 2008, and have issued our report thereon dated September 22, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 16, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on April 16, 2008.

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To the Township Board
Grant Township
September 22, 2008
Page 2

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Grant Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during they year ended March 31, 2008 We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statement was depreciation.

Management's estimate of the estimated useful life is based on past experience and management's knowledge. We evaluate the key factors and assumptions used to develop the estimated useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



WEINLANDER FITZHUGH

To the Township Board
Grant Township
September 22, 2008
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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



WEINLANDER FITZHUGH

To the Township Board
Grant Township
September 22, 2008
Page 4

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Township Board, management and others within the Township and is not intended to be and should not be used by anyone other than these specified parties.

Weinlander Fitzhugh